

IOWA LOCAL OPTION SALES TAX TIF REFORM

Prior Law

A city located within a county that imposes a local option sales and services tax (LOST) and that has an urban renewal area, may, by ordinance of the city council, create a tax increment financing (TIF) district for the purpose of funding projects located within the city's urban renewal area. Once the ordinance has been passed, the Department assists the city by establishing a "base year" for sales made in the urban renewal area. The increase in LOST revenues from sales in the urban renewal area in subsequent years goes directly to a special city fund to be used on the city's urban renewal projects. In the absence of the LOST TIF, all LOST revenues are returned to the county where they are distributed according to the existing population and property tax levy-based formula.

New Provisions

Under the new provision, before a city can create a LOST TIF district by ordinance, the county board of supervisors from which county LOST revenues will be diverted must first approve the city's plan for collection and use of county LOST revenues to fund the city's urban renewal projects.

Section Amended

Section 23 of 2012 Iowa Acts House File 2460 amends section 423B.10, subsection 2, Code 2011.

Effective Date

Applies to city ordinances adopted under section 423B.10 on or after May 25, 2012.